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# The Daily Star

## BUSINESS

DHAKA MONDAY, JUNE 10, 1996

**HYUNDAI**  
CARS THAT MAKE SENSE

### Implementation of Chalan Beel Project uncertain

NATORE, June 9: The implementation of suspended 'Chalan Beel Project' under Bangladesh Water Development Board (BWDB) is uncertain in the current fiscal year due to fund crisis, reports UNB.

The project at a cost of Tk 44 crore was started in 1976 and stopped in 1984. At the first stage the World Food Programme and the International Development Agency financed the project.

The project was started with a view to control flood and extraction of water. The project areas were divided into four sections which include the vast beel areas of Natore, Naogaon, Rajshahi, Bogra and Pabna districts.

BWDB sources said 197 km flood control embankment, 104 km canal, 12 regulators, 93 sluice gates and three bridges were completed till 1984. Fresh initiatives were taken to start the project this year, but the fund constraints blocked the work, the sources said.

The Executive Engineer of the project, said the work was suspended following a dispute over construction of a regulator at the mouth of the river Baral near Chaghat thana of Rajshahi district.

At least 50,000 farmers of the project area have been suffering owing to the stoppage of the project work. The completion of the project could save crops on 2.14 lakh acres of land under the project area from flood and help produce an additional amount of foodgrains worth about Tk 100 crore every year.

The World Bank, however, assured rehabilitation of the project with financial assistance of some donor agencies. The rehabilitation programme includes construction of 426 km flood control embankment, digging of 356 km canals, construction of 16 regulators, 57 sluice gates, 171 km long road, 4 bridges and 47 culverts.

But it is learnt that donor agencies are yet to agree to finance the programme which needs about Tk 100 crore.

Farmers of the Chalan Beel areas urged the government to take immediate steps to complete the project work for the greater interest of the country's economy.

### Job growth makes White House happy, Wall Street nervous

WASHINGTON, June 9: The US economy added twice as many jobs as had been expected last month, a surge that brought smiles at the White House but made Wall Street nervous, reports AP.

The US Labour Department said Friday that business payrolls grew by 348,000 in May, marking the fourth straight month of strong job gains.

The job strength attracted a flood of new entrants into the labour market, coming at the same time that recent college graduates and student summer workers normally begin seeking jobs. This nudged the unemployment rate up to 5.6 per cent.

The May jobs report sent economists scurrying to revise upward their growth forecasts for this year and triggered investor fears that the Federal Reserve will raise interest rates in a pre-emptive strike against inflation.

President Clinton, happy about strong job growth in an election year, insisted that the economy was "steady and strong" without any signs of overheating.

There is no evidence of inflation in today's economy, Clinton said at a Rose Garden event called to highlight the strong job growth.

Addressing market fears about imminent Fed rate hikes, Clinton said, "if they see that we are producing this level of job growth with no inflation, then I would think the interest rates should stay down."

Stocks and bonds both plunged after the initial release of the unemployment report. Bond prices took their worst drubbing in a month with falling demand pushing the yield on Treasury's 30-year bond, a key benchmark for long-term borrowing costs, up to 7.03 per cent, compared with 6.90 per cent on Thursday.

However, stocks recovered from a drop that at one point had pushed the Dow Jones industrial average down by 85 points. The Dow finished the day up 29.92 at 5,697.11.

Many private economists said the bond market was correct to fear imminent Fed rate hikes, arguing that the latest unemployment report has now tipped the scales to one or possibly two quarter point increases this summer.

"This was an explosive jobs report that shows that the economy is in super shape," said Allen Sinai, chief economist at Lehman Brothers Global Economics.

### ROK to provide emergency food aid for DPRK

SEOUL, June 9: Taking one step back from its tough stance, South Korea will contribute several million dollars to help impoverished North Korea, a government official said Friday, reports AP.

The decision to help came a day after United Nations asked members to contribute 43 million dollar in emergency aid for the communist country, where torrential rains have wiped out crops and left some half a million people homeless.

Previously, South Korea has refused all government aid to its rival until the North met several conditions.

South Korea has decided to give several million dollars to the UN to help North Korea, the high-ranking official said, requesting anonymity.

But Seoul will continue to hold back large-scale aid until North Korea officially requests it and tones down its anti-South propaganda.

The South has also said that large-scale aid will be considered if North Korea agrees to four-way peace talks proposed by Seoul and Washington.

The peace talks would bring together the two Koreas with the United States and China, the four major participants in the Korean War. With only an armistice, the two Koreas are still technically at war.

North Korea has said it is considering the proposal.

Flooding in North Korea last summer swept away entire villages, destroying farmland and some 1.5 million tons of grain, the United Nations said Thursday.

UN agencies, reacting to a North Korean request, first asked members in September 1995 for 15 million dollars in emergency aid. That appeal was boosted to 20 million dollars as the magnitude of the disaster came to light.

Countries only contributed 9 million dollars toward that appeal, but the total amount of money from countries and international organizations toward North Korean relief efforts topped 31 million dollars.

The United States has already contributed more than 2 million dollars. World Food Programme and UNICEF disaster relief programs in North Korea.

The Washington Post reported in its Friday editions that Clinton administration officials have agreed on a recommendation to send another 10,000 tons of food worth about 6.2 million dollars to North Korea but that it hasn't been approved yet by President Clinton.

Last year, just before the devastating floods, South Korea donated 150,000 tons of rice to help the North's chronic food shortage. Seoul had hoped the aid would help warm frosty ties, but relations have worsened.

### China expects bumper summer harvest

BEIJING, June 9: China expects a bumper grain crop this summer, likely surpassing its record harvest in 1993, an official report said Sunday, according to AP.

Zhang Ximin, an official at China's State Statistics Bureau, said the summer grain harvest is expected to reach nearly 109 million tons, a two per cent increase from last summer, the China Daily Business Weekly reported.

The grain output will probably surpass the level of 1993, when the yield reached an all-time high with a total of 108.42 million tons, the newspaper quoted Zhang as saying.

Zhang attributed the expected bumper crop to investments in agriculture, rising food prices and a government policy of paying more for grain, the newspaper said.

Last autumn's sowing also was successful and was helped by wet weather, it said.

LONDON, June 9: The price of copper crashed through the floor this week on the London metals market, losing 15 per cent of its value at one point, because of the continued absence of Chinese buying, reports AFP.

Beijing had been expected to replenish its strategic stocks, after having sold off a large part in 1995 when prices were high. But China is keeping out of the market.

Dealers who had been counting on these orders to reduce world stock levels took fright that started to offload their holdings. Analysts are afraid that growing world copper production is flooding the market with over supply.

Crude oil prices meanwhile, remained steady despite the Organisation of Oil Producing Countries (OPEC's) move to raise its production ceiling in order to accommodate the return of Iraqi oil to the international markets.

OPEC weakened. Gold prices which soared at the start of the year, tumbled to levels not seen since the end of 1995 because of repeated selling by 'weary' dealers.

The price of an ounce of gold (31.103 grammes) fell to 385 dollars on the London bullion market.

An analyst at Union Bank of Switzerland (UBS), Andy Smith, said that 'speculators were weary' because gold seems unable to elude high levels and they have quite the market.

At the start of 1996, a burst of buying by American Investment Trusts drove gold prices to their highest point for six

### Emirates takes delivery of award winning aircraft

Emirates, the award-winning airline of the UAE, on June 7 took delivery of an award-winning aircraft when the first of seven Boeing 777s on firm order arrived at Dubai International Airport from Seattle. Emirates is the first carrier in the Middle East to take delivery of a Boeing 777, says a press release.

The Emirates Boeing 777 offers passengers a new experience in cabin spaciousness and comfort. In addition, Emirates has invested in the latest technology from GEC Marconi to bring every passenger a superb entertainment and communications package available in each seat in the aircraft.

Emirates has installed a personal video system with touch-screen control and additional state-of-the-art handset for telephone calls directly from the aircraft seats. In addition to wall mounted telephones in each cabin and a fax available to all passengers, the handset also has the capability for video games and control of the entertainment system additional to touch-screen control.

The new aircraft's first commercial flights will be to regional destinations, with the inaugural long-haul flight taking place on June 24 when the aircraft will be operated as Flight EK001 to London Heathrow, becoming the first Boeing 777 with Rolls-Royce engines to operate to the UK on a commercial flight. The new entertainment system also will be launched on that day.

The following day - June 25 - the aircraft will be operated on Emirates' inaugural flight to Melbourne.

### Western insurance cos pay \$130m as damages to crops in DPRK

SEOUL, June 9: Western insurance companies paid out 130 million dollars to North Korea for damages to crops in 1994, South Korean newspapers today quoted government officials as saying, reports Reuters.

However Pyongyang has yet to use the funds to buy grains to feed a population that is reported to be on the brink of famine, the officials said. It is expected to make a further claim for crop damages last year, they said.

Commentators said Seoul officials wanted to leak the reports to try to country global sympathy for North Korea's plight after the latest food appeal by the United Nations for 43.6 million dollars in aid.

Seoul, Tokyo and Washington have internally shared the information but decided not to reveal it to the public, the Korea Times quoted a senior official as saying.

Newspapers did not name the officials who leaked the information and officials were not available for comment on Sunday.

The United States has pledged a contribution of six million dollars in response to the UN appeal made last Thursday. South Korea and Japan have suggested they may donate as well. Seoul has said it is opposed to small scale humanitarian aid but it is firmly against large scale government-to-government assistance.

### Chamber leader concerned at structural reforms in '95

The ongoing structural reforms appear to have failed, as yet, to click in driving the national economy's real sectors, including the manufacturing and agriculture, reports UNB.

Such a concern has been expressed by a leading chamber which watches the economy closely and periodically.

The Metropolitan Chamber of Commerce and Industry, in its latest publication, referred with concern to the performance of the economy in the last fiscal year (1994-95) when agricultural growth and growth in the manufacturing sector slowed down as well.

Growth rates dwindled also in power, gas, water and sanitary services in 1994-95, a year marked by widespread reforms.

GDP in the year achieved, as estimated by the Bangladesh Bank, a 4.4 per cent growth but an overwhelming contribution came from services sector.

Return from agriculture, the single-largest sector in the economy, was alarmingly negative (-8 per cent). Contribution from manufacturing sector dropped to 21 per cent.

Growth has taken place in sectors which were largely outside the purview of the reform process. This is an issue which requires closer examination," said the MCCI which represents country's industrial entrepreneurs, including the multinational manufacturers.

Growth scenario won't be better in the current fiscal (1995-96) which, cautioned MCCI, might decline further in the face of "unsatisfactory" macro-economic situation.

The chamber publication pointed out some other disturbing indicators of the economy in the last fiscal year, including dismal state of tax-GDP ratio and worsening balance of trade.

Tax-GDP ratio fell to 9.5 per cent from 9.6 per cent which forced the government to go for domestic borrowings to the tune of Tk 470 crore at the cost of inflationary pressure.

On the worsening trend in the balance of trade, the trade body said although export grew by 37 per cent, imports grew at a faster rate of 39.2 per cent. As a result, current account deficit worsened significantly from 493 million US dollars in 1993-94 to 1030 million in 1994-95.



The installation ceremony of Chittagong Branch Council of ICMAB was held recently.

### S'pore real estate prices to fall by 20 pc in two years

SINGAPORE, June 9: Singapore residential real-estate prices will fall by about 20 per cent in the next two years as a result of oversupply and measures to prick a property market bubble, an investment house said yesterday, reports AFP.

The residential property market will become oversupplied. The occupancy rates could fall to 84 per cent in 1998, or 19,500 unoccupied units, more than three times the current number," Vickers Ballas investment research said.

Rents will fall in tandem, and so will property prices. We reckon, in the region of 20 per cent," Vickers Ballas added in a report.

The last time that the occupancy rate had fallen so low in the land starved city state was during the last recession in 1985. At the end of 1995, the rate was nearly 95 per cent, predicted to fall to 92.6 per cent at the close of 1996.

The Singapore government last month applied the brakes on soaring private property prices by curbing rampant speculation with measures to control credit and tax gains from property sales which is three years of purchase.

In its toughest action yet on the property front, the government also levied additional stamp duties on sales. An supply measures, it said it would release more land for private housing to satisfy increasing demand.

The measures caught the market by surprise and caused a sell-off of property stocks.

Property is a highly sensitive issue in Singapore, where the price of private real estate has more than doubled over the last four years to the frustration of young professionals eager to upgrade from Spartan public housing.

Vickers Ballas said the curbs will compound an oversupply problem that had been in the works as new housing comes into the market.

"The sheer number of completions for the rest of this year through to 1998 will overwhelm the demand factors," the investment house said. It said the measures "resulted in a stand off between buyers and sellers and the 'projection of future take up rates will be more uncertain."

"The overwhelming weight of supply will be too great. The oversupplied market will first hit the rental market and falling rents will force property prices to fall," the report added.

For condominium units in the prime district, sale prices were tipped to fall to around 750 Singapore dollars (\$537.1 US dollars) per square foot from 850 dollars per square foot and non prime areas to 600 dollars from 750 dollars.

The report coincided with an announcement by property developer Far East Organisation that it would absorb the stamp duty for buyers of units in its new condominium project if they did not resell within three years.

### Thailand's rice exports surpass expectations

BANGKOK, June 9: Thailand's rice exports for the first five months of the year were 15 per cent higher than expected, the Commerce Ministry announced Monday, reports AP.

The 2.4 million metric tons of rice was less than the 2.8 million metric tons exported in the same five-month period last year, but higher than the expected 2.08 million metric tons.

son that burgeoning supply outstripped weak demand this week.

In London, the rubber index fell by 12.5 pounds to 1,027.5 pounds per tonne. American and European tyre manufacturers imported rubber in only limited quantities.

COCOA: See-saw. After a poor start to the week, prices rose have last week's levels to more than 1,100 pounds per tonne.

At the start of the week, a rise in the value of sterling sent investors across the Atlantic to take up positions on the New York futures market, which in London prices.

But the market was then influenced by early estimates of the forthcoming harvest in Ivory Coast (for the 1996/97 invest). Production was expected to be late and well below this year's bumper harvest of more than one million tonnes.

As a result, dealers feared that there might be a widespread shortfall in supply because global demand for cocoa is increasing sharply.

COFFEE: Cooling. Coffee prices fell by 70 dollars to 1,730 dollars per tonne, as some investors quit the market in the absence of frost in Brazilian coffee plantations.

The GNI trading house said that there has been no frost in Brazil, despite a cooler-than-usual start to the cold season.

Sales from Indonesia also dented market sentiment.

### Augment BPC's income: Adviser

Tourism is recognised as an industry in the world today and Bangladesh has huge potential for expansion of the industry, says a press release.

Adviser for the Communications, Shipping, Post & Telecommunication, Housing & Works, Civil Aviation & Tourism: Syed Manzur Elahi has expressed this opinion at a meeting of the senior officers of Bangladesh Parjatan Corporation held at the head office of the corporation yesterday.

He urged the officers and staff of the corporation to earn reputation and resources through performance of duties efficiently and to increase investment opportunities by augmenting income of the corporation.

Among others present in the meeting were Secretary-in-Charge Ministry of Civil Aviation & Tourism Mohammad Ismail Hossain, Chairman of Bangladesh Parjatan Corporation Dr AK Abdul Mobin and the Directors of the Corporation.

Chairman of the corporation briefly informed the Adviser regarding establishment of the corporation, existing tourist facilities and future plan of the corporation.

### ICMAB reception, installation held

The President of the Institute of Cost & Management Accountants of Bangladesh, ICMAB Chowdhury Hafizur Rahman, has advised the Cost and Management Accountants to improve their professional expertise to cope with the rapid technological and economic development taking place throughout the globe and to fulfil the obligations bestowed on them by the nation, says a press release.

He made this statement while responding as the chief guest to reception accorded to him and the National Council Members of ICMAB.

The reception held at a local restaurant by the Chittagong Branch Council of ICMAB was presided over by CBC Chairman, Fariduddin Ahmed. Among others, Vice President of the National Council Dr. S. M. Ather and council member Rafiq Ahmed spoke on the occasion.

Past presidents of the institute Nurul Hassan, Md. Ishaq and Mohiuddin also attended the reception.

At the same venue, the installation ceremony of the CBC was also held. Out-going Chairman S. B. Siddique gave a brief resume of activities of the branch for the year 1995. The incoming chairman Fariduddin Ahmed, in a brief speech, highlighted the major problems faced by the local branch and the profession as a whole. Md. Nasiruddin and Md. Arshadullah who recently qualified were also introduced.

### Swissair outbids rival for duty-free chain

LONDON, June 9: The airline Swissair appeared poised to take over Europe's largest duty-free retailer, Aldi's international, after outbidding a rival offer on Wednesday, reports AP.

Swissair increased its offer from 145 million pounds (217.5 million dollars) to 160 million (240 million dollars), pushing out a bid by the British Airports Authority.

## Commodity market: Prices of gold down, tea up, oil steady

**ZINC:** Stable. The price of this metal which is used in anti-corrosive treatments remained relatively steady at 1,040 dollars per tonne in spite of copper's plunge.

**LME stocks:** fell by 3,575 tonnes of 595,050 tonnes.

**ALUMINIUM:** Slump. This metal followed copper downwards and lost about 60 dollars to 1,530 dollars per tonne. The fall in prices was heightened by a build up of stocks at the LME.

**Reserves:** rose by 4,375 tonnes to 865,150 tonnes during the week.

The market was also affected by an agreement between unions and the world's largest aluminium producer Alcoa which seemed to rule out the threat of industrial action at plants belonging to the US giant.

**NICKEL:** Slide. Despite strike action at the world's leading nickel producers, Norilsk in Russia, prices slipped by about 100 dollars to 7,900 dollars per tonne.

The GNI trading house said that production at one of its plants was cut by half, which meant that total output was slashed by 12 per cent.

**LME stocks:** fell by 744 tonnes to 34,692 tonnes.

**TIN:** Tumble. Tin shed about 100 dollars to 6,200 dollars per tonne, following the fall in copper and a build up of stocks on the LME which rose by 850 tonnes to 9,935 tonnes.

**OIL:** Freeze. A meeting of the organisation of oil producing countries (OPEC) in Vienna seemed to freeze oil prices, which hovered around 18 dollars per barrel.

Crude oil prices in London remained steady at relatively high levels on Friday after OPEC said that it had reached agreement on exports of Iraqi oil.

OPEC ministers agreed on an 0.8-million-barrels a day (MBD) crude oil export allowance for Iraq, delegates said.

They also agreed a 25,033 MBD national ceiling for OPEC output, including Iraqi production, but taking account of Gabon's withdrawal from the organisation.

At Smith Barney, analyst Peter Gignoux said the market reaction had been fairly neutral since "one problem may have been solved but another one has been deferred."

The OPEC decision had settled the question of the return of Iraqi oil to the international markets, but OPEC has not resolved the problem of its chronic over-production.

In the longer-term, the news is bad for the market, the oil expert said, since Gabon has been taken out of the export quota system, and will begin selling crude independently.

This means that the international oil markets, already creaking under the strain of global over-production, will be further weighed down by the arrival of Iraqi oil.

**RUBBER:** Soft. Rubber prices fell for the simple reason that burgeoning supply outstripped weak demand this week.

In London, the rubber index fell by 12.5 pounds to 1,027.5 pounds per tonne. American and European tyre manufacturers imported rubber in only limited quantities.

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**TEA:** Strong. Heavy demand for Kenyan brews sent tea prices in the London auction houses upwards this week, when average prices increased by one penny to 112 pence per kilo.

**SUGAR:** Sweet. Sugar prices held steady at just over 340 dollars per tonne. Despite the prospect of a bumper Brazilian harvest, dealers kept their nerve.

Analysts explained that for the moment, not much sugar is arriving on the international markets, a fact that is supporting prices.

Brazil, now harvesting one of the biggest crops in its history, is keeping exports low at the present.

In addition, the sugar-for-oil barter deal signed last year by Cuba and Russia for the 1996-98 period is in danger of falling apart because of the unfairly high prices charged by Cuba for its sugar. Moscow has warned.

One of the Russian officials in charge of the barter deal said that Havana has set sugar prices 40 dollars above world market prices. Russia is threatening to pull out of the accord.

**VEGETABLE OILS:** Slippery. Vegetable oil prices slipped in the wake of a decline in soy prices on the Chicago market.

Soya declined after dealers grew concerned at an increase in the area of land given over to cultivation of this crop in America.

On the Rotterdam market, soya prices fell by three guilders to 94 guilders per 100 kilograms.

Sunflower oil eased 20 dollars to 570 dollars per tonne and rape seed lost three guilders to 95 per 100 kilograms. But palm oil advanced 2.5 dollars to 510 dollars per tonne.

**GRAINS:** Weaker. Wheat and maize both fell in price on the Chicago market, as traders took fright at clouds hanging over the export market. The price of wheat for delivery in July dropped 35 cents to 4.90 dollars per bushel (27.216 kilograms).

The market grew concerned at talk that China might cancel some export orders for US grains, and about the possibility that Beijing might lift the current ban on overseas sales of Chinese maize.

In London, wheat fell five pence to 123 pounds per tonne, weighed down by the lack of activity on the market.

**COTTON:** Springy. Trading was more frenetic than usual on the New York futures market, where prices leapt after 200,000 bales (217.7 kilograms) of certified market stocks were withdrawn.

The cotton outlook magazine's benchmark index rose by one cent to 0.84 dollars per pound.

**WOOL:** Steady. The British wool index held steady at 428 pence per kilogram. China is expected to decide to cut import duties at a time when it goes ahead. It could provide a lift to the Australian market, by boosting sales to China.